



**KİMTEKS POLİÜRETAN SANAYİ VE
TİCARET A.Ş.**

ACTIVITY REPORT

PERIOD OF 01.01.2021 and 31.12.2021

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1 BACKGROUND

| | |
|--|--|
| Period of the Report: | 01.01.2021 - 31.12.2021 |
| Trade name: | KIMTEKS POLIÜRETAN SANAYI VE TICARET A.Ş. |
| Trade registry number: | 988994-0 |
| Registered Office: | Emniyet Evleri Mah. Eski Büyükdere Cad. Sapphire Plaza No:1/4 Kat:19 Daire:1 34417 Kağıthane/Istanbul |
| Addresses of Production Facilities: | Gebze Plastikçiler Organize Sanayi Bölgesi İnönü Mah. Cumhuriyet Caddesi Balçık Yolu Üzeri 7. cadde No: 43 Gebze / Kocaeli |
| Contact information | |
| Phone: | +90 212 809 15 50 |
| Fax: | +90 212 809 15 49 |
| Website: | www.kimpur.com |

1.1 Board of Directors, Company Executives and Employees

1.1.1 Board of Directors

The members of the Board of Directors were appointed at the ordinary general assembly meeting held on 22.01.2021, and the independent board members were appointed at the extraordinary general assembly meeting held on 05.10.2021.

| NAME & SURNAME | DUTY | TERM OF DUTY |
|-------------------|-----------------------------|-------------------------|
| Yuda Leon Mizrahi | Chairman of the Board | 22.01.2021 - 22.01.2024 |
| Cavidan Karaca | Vice President of the Board | 22.01.2021 - 22.01.2024 |
| Isak Izi Mizrahi | Board Member | 22.01.2021 - 22.01.2024 |
| Omer Bakir | Independent Board Member | 05.10.2021 - 22.01.2024 |

Yuda Leon Mizrahi – Chairman of the Board

Yuda Leon Mizrahi (born in 1957) graduated from the Department of Chemical Engineering, Bogazici University in 1980. After graduation, he worked in family companies, belonging to his father, in the production of plastic soles, and established, together with Salvo Özsarfati, a company that trades and distributes artificial leather, rubber, coating and additives in 1983 (Kimteks Kimya). In 1985, he founded another company in the paint industry (Renkim) together with Salvo Özsarfati and Lauren Margulies. In 2007, he became the founding partner of a real estate company (Ortak Gayrimenkul) and accomplished several real estate development projects.

In 2011, he established another real estate company (Dörtgen) as a family company. Apart from its own real estates, this was an umbrella company that owned shares of Kimteks Kimya, Renkim and Ortak Gayrimenkul. As a result of the demerger in 2015, Kimteks Kimya was replaced by Kimpur.

Yuda Leon Mizrahi runs his business life as the main partner of the issuer and one of the partners of Dörtgen, Kimteks Kimya and Ortak Gayrimenkul.

Cavidan Karaca – Vice President of the Board

Cavidan Karaca was born on 12.09.1970 in Konya-Akşehir. She graduated from the Department of Mechanical Engineering at the Middle East Technical University in 1992 and began her business life.

She worked as a production and planning engineer at Erkunt Sanayi A.S between 1992-1996, as a plastic tool production engineer at the refrigerator plant of Arçelik A.S. between 1996-1997, and as a purchasing manager at General Directorate of Arçelik A.S. between 1997-2001. She worked as a purchasing director at Omsan Lojistik A.S between 2001 and 2002. She became the founding partner of a consultancy company (Innovis Ticaret ve Danışmanlık A.S.) and provided management consultancy services to more than a hundred companies, mainly in production, tourism and other service industries between 2002 and 2014. During this period, she also worked as the general manager of Işık Plastik between 2002-2007.

She began to work as a consultant at Kimteks Kimya Tekstil Ürünleri A.S. in 2014 and assigned as the CEO in 2015. Following the demerger of the issuer from Kimteks Kimya, she has been serving as the CEO and Vice President of the Board since the end of 2015.

Isak Izi Mizrahi – Board Member

He was born in 1984 in Istanbul. He studied Electrical and Computer Engineering at Carnegie Mellon University, Pittsburg, USA between 2002-2004. He completed the Industrial Engineering Department at Koc University between 2005-2008.

He began his career as a purchasing specialist at the American Hospital in 2008. In 2011, he continued to work as a production engineer at Kimteks Kimya.

Between 2012 and 2015, he worked as a business development manager at Dörtgen Gayrimenkul Yatırım ve Turizm A.S., which is also a family corporation. He has completed works and investments in the renovation and utilization of some real estates in the tourism industry.

From November 2015 until 05.10.2021, he was a member of the board of directors in charge of purchasing and foreign trade at the Issuer, which is also a family company. He got involved in the management of the procurement of all chemical raw materials and service items, new supplier and product research processes in international markets, and fair participation, market research and supplier relationship management processes. He has been currently serving as a non-executive Board Member since 05.10.2021.

Omer Bakir – Independent Board Member

He was born on 1951 in Malatya. He started his high school education in 1965. After graduating from high school in 1968, he gained his bachelor's degree in chemical engineering at Ege University in 1972.

He continued his chemistry education at Kiel University, Germany, in 1973. Afterwards, he worked as a lecturer at the same university for 3 years.

He began his professional career in 1985 at Bayer AG Leverkusen in the sales and marketing processes in the rubber and plastics departments.

In 1988, he returned to Turkey and began to work as a board member and department director at Bayer Türk. During the 24-year period of duty at Bayer Türk, he had the opportunity to get to know all sectors in the industry.

In 2012, he quit Bayer Türk Industrial Products General Management, and he started his duty as the general manager of a newly established chemical company (Lanxess Kimya Tic. Ltd. Şti).

He retired in 2017 and is not currently working anywhere.

During his professional career, he served on the boards of the Turkish Chemical Manufacturers Association (TKSD), the Association of Paint Industry (BOSAD) and Association Rubber Industry.

Mehmet Mete Basol – Independent Board Member

Mehmet Mete Basol (Born in 1957) graduated from Arizona State University, BSc Economics, and started his career in 1984 at INTERBANK, in the Medium-Term Loans Department, in various investment projects. He performed economic evaluations in these projects and prepared industry reports. He was assigned as the Treasury, Fund Management and Foreign Relations Manager at the investment bank, Türk Merchant Bank, which was established in 1988 as a partnership of Bankers Trust Co. Newyork and T. İş Bankası. In 1992, he assumed the responsibility of the capital markets group as Assistant General Manager. In 1995, following the acquisition of the bank by the Bankers Trust, he was elected as a member of the board of directors and credit committee. He assumed the position of chairman of the board of directors and general manager of the bank (operating by the name of Bankers Trust A.S. between 1997 and 1999 and Deutsche Bank A.S. between 1999 and 2001). Between 2001 and 2003, he joined the public banks joint board of directors (T.C. Ziraat Bankası A.S., Türkiye Halk Bankası A.S., T. Emlak Bankası A.S.). Following this duty, he established a financial consultancy company (Tridea Finansal Danışmanlık Hizmetleri Ltd. Şti.) with two partners and provided financial and administrative consultancy services to SMEs. After 2009, he continued his consultancy services under his own private company. He served as a member of the board of directors of Galatasaray Sportif A.Ş (2011-2012), Türkiye İş Bankası A.Ş (2011-2014), Dedeman Holding A.Ş. (2008-2014) and Dedeman Turizm Otelcilik Yatırım A.Ş. (2012-2014). He served as the independent board member, chairman of the audit committee and a member of the corporate management committee at Coca-Cola İçecek A.Ş. (2012-2018) and Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (2012-2018). He also served as a member of the board of directors and chairman of the risk committee, representing the minority shareholder Partners Group of Enerji Yatırım Holding A.Ş (2014-2021), Enerya Gaz Dağıtım A.Ş (2014-2021), Enerya Gaz Ticaret A.Ş. (2014-2021). He was an independent member of the Board of Directors of Sabancı Holding A.S. (2018-2021), and chaired the audit and risk committee. Currently, he is a board member of Nurol Yatırım Bankası A.S. (2014), an independent board member of Enka İnşaat ve Sanayii A.S. (2018) and the chairman of the early risk detection committee and a member of the audit committee.

1.1.2 Duties of the Members of the Board of Directors and Managers Outside the Company

The duties performed by the members of the board of directors and managers outside the company are given in the table below.

| Name & | Title | Duty | Currently | Capital Share |
|-------------------|--------------|-------------|------------------|----------------------|
|-------------------|--------------|-------------|------------------|----------------------|

| Surname | | | | Amount | PB | (%) |
|-------------------|--|-----------------------------|--------------|------------|-----|----------|
| Yuda Leon Mizrahi | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Chairman of the Board | Continuing | 50.438.000 | TL | 45,85% |
| | Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş. | Chairman of the Board | Continuing | 12.345.405 | TL | 58,00% |
| | Mipelle Deri Sanayi ve Ticaret A.Ş. | Vice President of the Board | Continuing | 5.500.000 | TL | 50,00% |
| | Kimteks Kimya Tekstil Ürünleri A.Ş. | Partner of Company | Continuing | 625.000 | TL | 12,50% |
| | Mizrahi İstanbul Gayrimenkul A.Ş. | Chairman of the Board | Discontinued | 21.823.263 | TL | 76,00% |
| | Mizrahi Investment Lda | Partner of Company | Continuing | 3.700.000 | TL | 74,00% |
| | Mizrahi Greece | Manager | Continuing | 2.100.000 | TL | 70,00% |
| | Mizrahi Investment Malta | Partner of Company | Continuing | 604.000 | TL | 60,40% |
| | Renkim Dış Ticaret Anonim Şirketi | Chairman of the Board | Continuing | None | TL | None |
| | Ortak Gayrimenkul Ticaret Anonim Şirketi | Vice President of the Board | Continuing | None | TL | None |
| Cavidan Karaca | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Vice President of the Board | Continuing | None | TL | None |
| | İnnovis Ticaret ve Danışmanlık A.Ş. | Chairman of the Board | Continuing | 50.000 | TL | 50,00% |
| | Kimplast Granül Sanayi ve Ticaret A.Ş. | Vice President of the Board | Continuing | None | TL | None |
| | Mizrahi One Uk | Partner of Company | Continuing | 200.000 | GBP | 10,00% |
| | Mipelle Deri Sanayi ve Ticaret A.Ş. | Board Member | Continuing | None | TL | None |
| | Dörtgen Uk Limited | Partner of Company | Continuing | 200.000 | GBP | 10,00% |
| Isak Izi Mizrahi | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Board Member | Continuing | 11.858.000 | TL | 10,78% |
| | Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş. | Vice President of the Board | Continuing | 3.192.777 | TL | 15,00% |
| | Oniki Han Gayrimenkul Kiralama Limited Şirketi | Company Owner | Continuing | 120.000 | TL | 100,00 % |
| | Mizrahi İstanbul Gayrimenkul A.Ş. | Vice President of the Board | Discontinued | 1.722.889 | TL | 6,00% |

| Name & Surname | Title | Duty | Currently | Capital Share | | |
|--------------------|---|---|--------------|---------------|-----|--------|
| | | | | Amount | PB | (%) |
| | Mizrahi Greece | Partner of Company | Continuing | 150.000 | TL | 5,00% |
| | Mizrahi Investment Malta | Partner of Company | Continuing | 99.000 | GBP | 9,90% |
| | Mizrahi Investment Lda | Director | Continuing | 650.000 | TL | 13,00% |
| Murat Kuzkan | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Business Development and Global Sustainability Director | Continuing | 147.000 | TL | 0,13% |
| Yener Rakıcıoğlu | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | R&D Director | Continuing | 1.100.000 | TL | 1,00% |
| Kadir Tuncay Halat | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Export Director | Continuing | None | TL | None |
| Mustafa Özyılmaz | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Business Director | Continuing | None | TL | None |
| Omer Bakir | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Independent Board Member | Continuing | None | TL | None |
| Mehmet Mete Basol | Kimteks Poliüretan Sanayi ve Ticaret A.Ş. | Independent Board Member | Continuing | None | TL | None |
| | Nurol Yatırım Bankası A.Ş. | Board Member | Continuing | None | TL | None |
| | Enka İnşaat ve Sanayii A.Ş | Independent Board Member | Continuing | None | TL | None |
| | Coca-Cola İçecek A.Ş. | Independent Member of the Board of Directors - Chairman of the Audit Committee and Member of the Corporate Management Committee | Discontinued | None | TL | None |
| | Anadolu Efes Biracılık ve Malt Sanayii A.Ş. | Independent Member of the Board of Directors - Chairman of the Audit Committee and Member of the Corporate Management Committee | Discontinued | None | TL | None |
| | Enerya Gaz Dağıtım A.Ş. | Board Member | Discontinued | None | TL | None |

| Name & Surname | Title | Duty | Currently | Capital Share | | |
|----------------|-----------------------------|---|--------------|---------------|----|------|
| | | | | Amount | PB | (%) |
| | Enerya Gaz Ticaret A.Ş. | Board Member | Discontinued | None | TL | None |
| | Sabancı Holding A.Ş. | Independent Member of the Board of Directors - Head of Audit and Risk Committee | Discontinued | None | TL | None |
| | Enerji Yatırım Holding A.Ş. | Board Member | Discontinued | None | TL | None |

1.1.3. Authorities and Limits of Board Members and Senior Executives

The Board Members and Senior Executives represent and manage the company with their authorities specified in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association and with the internal directive of the Board of Directors No. 13 dated 03.08.2021.

1.1.4 Board of Directors Committees

With an aim to comply with the "Communiqué on Corporate Management" published by the Capital Markets Board, several committees were established with the Board of Directors Resolution No. 2021/19 dated 12.10.2021.

- **Audit Committee**

The Audit Committee oversees the company's accounting system, public disclosure of financial information, independent auditing, and the operation and effectiveness of the company's internal control and internal audit system. The audit committee supervises the selection of the independent audit company, the preparation of independent audit contracts, the initiation of the independent audit process, and the progress of the independent audit company at every stage. The meetings of audit committees are held at least four times a year, at least once every three months, and the results are recorded in the minutes and presented to the Board of Directors. The resolutions taken at the meetings are put into writing, signed and archived by the Committee members. The Audit Committee notifies the Board of Directors in writing about the findings and suggestions on their own duties and responsibilities.

| NAME & SURNAME | DUTY | INDEPENDENCY |
|-------------------|-----------------------------|--------------------|
| Mehmet Mete Basol | Head of the Audit Committee | Independent Member |
| Omer Bakir | Member | Independent Member |

- **Early Risk Detection Committee**

The Early Risk Detection Committee makes suggestions and recommendations to the Board of Directors on identifying, defining, prioritizing, monitoring and reviewing the strategic, financial, operational risks and opportunities that may affect the Company's activities by calculating their impact and possibilities, as well as managing, reporting and taking into account these risks and opportunities

in line with the company's risk profile in decision mechanisms. The committee meetings are held at least 3 times a year and the decisions are taken unanimously by the participants. The resolutions taken at the meetings are put into writing, signed and archived by the Committee members.

| NAME & SURNAME | DUTY | INDEPENDENCY |
|---------------------------|--|------------------------|
| Mehmet Mete Basol | Head of Early Risk Detection Committee | Independent Member |
| Isak Izi Mizrahi | Member | Not Independent Member |

- **Corporate Management Committee**

The corporate management committee determines whether the corporate management principles are applied in the company. If they are not applied, it determines the reasons and the conflicts of interest that occur due to lack of complying with these principles. The committee also makes recommendations to the Board of Directors to improve corporate management practices and oversees the work of the investor relations department. The Committee also undertakes the duties of the Nomination Committee and the Remuneration Committee, which are stipulated in the regulations of Capital Markets Board. The committee meets three times a year and when deemed necessary, without waiting for this period, and the decisions are taken unanimously by the participants. The resolutions taken at the meetings are put into writing, signed and archived by the Committee members.

Pursuant to the Capital Markets Board's Corporate Management Communiqué No. II-17.1, Article 11, the Company's Investor Relations Department has been established in order to fulfill the company's obligations arising from the Capital Markets legislation. An investor relations manager has been appointed to the investor relations department to work under the general manager of the company and to report to the company's board of directors at least once a year about his/her activities.

| NAME & SURNAME | DUTY | INDEPENDENCY |
|---------------------------|--|----------------------------|
| Omer Bakir | Head of Corporate Management Committee | Independent Member |
| Isak Izi Mizrahi | Member | Not Independent Member |
| Damla Mermeroğlu | Member | Investor Relations Manager |

1.1.5 Personnel Information

As of December 31, 2021, the number of employees is 219.

1.1.6 Amendments in the Articles of Association during the Period

By virtue of our company's application to the Capital Markets Board about the amendment of the Articles of Association within the scope of public offering activities between 01.01.2021 and 31.12.2021, the Articles of Association, Articles 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 have been amended, and Articles 16, 17, 18, 19, 20, 21, 22 and 23 have been added to the Articles of Association in accordance with the permission of the Board (no. E-29833736-110.03.03-11123, dated 24.09.2021). These amendments were registered by the relevant Trade Registry Office on 13.10.2021 and were published in the Turkish Trade Registry Gazette (no 10432) dated 18.10.2021.

1.1.7 Number of Meetings of the Board of Directors and Participation of Members during the Period

The Company's Board of Directors held 35 meetings between 01.01.2021 and 31.12.2021. The Board of Directors' meeting was held with the participation of the majority of members.

1.2 Company's Capital, Shareholding Structure and Privileged Shares

1.2.1 Capital

Company's Paid/ Issued Capital is 110,000,000 TL.

1.2.2 Shareholding Structure

| NAME & SURNAME / TRADE TITLE OF THE PARTNER | SHARE IN THE CAPITAL (TL) | SHARE IN THE CAPITAL (%) | VOTING SHARE (TL) | VOTING RATE (%) |
|---|------------------------------|-----------------------------|----------------------|--------------------|
| Yuda Leon Mizrahi | 50.438.000 | 45,85 | 144.814.000 | 59,84 |
| Etel Sason | 15.349.000 | 13,95 | 15.349.000 | 6,34 |
| Salvo Ozsarfati | 11.000.000 | 10,00 | 11.000.000 | 4,55 |
| Isak Izi Mizrahi | 11.858.000 | 10,78 | 34.046.000 | 14,07 |
| Beti Mizrahi | 11.858.000 | 10,78 | 11,858,000 | 4.9 |
| İnnovis Ticaret ve Danışmanlık A.Ş. | 8,250,000 | 7.5 | 23,686,000 | 9.79 |
| Yener Rakıcioğlu | 1,100,000 | 1 | 1,100,000 | 0.45 |
| Murat Kuzkan | 147,000 | 0.13 | 147,000 | 0.06 |
| TOTAL | 110,000,000 | 100 | 242,000,000 | 100 |

1.2.3 Privileged Shares

A) Privileged Share Amount: 33.000.000-TL

B) Voting Rights of Privileged Shares: Group A Privileged Shareholders have the privilege to nominate candidates in the Board of Directors and to exercise their right to vote in the General Assembly. Each share has 5 voting rights.

1.3 Direct or Indirect Subsidiaries and Share Ratios

| Title | Country of Establishment | Activity | Participation Type | Affiliate / Subsidiary | Effective partnership share | Participation on share | Capital |
|--|--------------------------|--|--------------------|------------------------|-----------------------------|------------------------|---------------|
| Kimplast Granül Sanayi ve Ticaret A.Ş. | Turkey | Wholesale of Rubbers and Plastics in Primary Forms (Ethylene, Styrene, Vinyl Chloride, Acrylic, etc.) Synthetic and Reclaimed Rubbers in Primary Form with Polymers) | Directly | Subsidiary | 100% | 83,33% | 7.500.000 TL |
| Kimpur Rus and Cis Limited Company | Russia | Chemicals Trade and Agency Activities | Directly | Subsidiary | 100% | 100% | 3.000.000 RUB |
| Kimpur International Trading Limited | Malta | Chemicals Trade and Agency Activities | Directly | Subsidiary | 100% | 100% | 100.000 EUR |

2 FINANCIAL RIGHTS OF MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The total wage paid to the Members of the Board of Directors and Senior Executives between the period 01.01.2021 and 31.12.2021 is 20,330,378.39 TL.

3 COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS REGARDING ACTIVITIES

3.1 Main Areas of Activities

Being of the manufacturers of polyurethane systems in Turkey, the company continues to provide uncommon solutions for customers thanks to its investments on R&D and technology.

The products produced by the company are defined as “polyurethane systems”. It supplies raw materials in “liquid form” to the following industries. Polyurethane systems consisting of 3 or more

components are shipped to customers as liquids in drums, tankers or IBC packages. The customer mixes the liquid raw materials during the process, and the process using blowing gases gives polyurethane foam in different forms.

Polyurethanes are polymers formed by the reaction of polyols containing OH group and isocyanates containing NCO group. However, polyurethane systems are commonly considered as special solutions shaped as a result of customer demands and expectations together with know-how, experience and simulation techniques. These customer demands may vary with each other such as densities that provide cost advantage, different hardness demands, demolding at a certain speed, cell structure, very good adhesion to surfaces or not, hydrolysis resistance, dimensional stability, antistatic properties, flexibility, different colors and appearances. These systems are recommended and produced for the polyurethane industry, from single-component products to 4-5-component products, as follows.

- **Polyurethane systems for the Footwear and Slippers industry**

These are 3-component polyester systems.

1. The primary component is Polyester Polyol and/or Polyester Polyol blends.
2. The secondary component is the physical mixtures of glycols (called Crosslinker), catalyst, surfactant, performance additives and water.
3. The third component is the prepolymers formed due to the reaction of Polyester Polyols and MDIs.

- **Flexible foam systems**

For the automotive and office furniture industries;

1. The primary component is a physical mixture of polyether polyols, called Polymix, catalyst, surfactant, water and/or blowing agents.
2. The secondary component is the prepolymers formed due to the reaction of polyether polyols and MDIs called Prepolymers.

- **Rigid foam systems**

Two-component rigid foam systems for insulation for panels and white appliances;

1. The primary component is a physical mixture of polyether polyols, called Polymix, catalyst, surfactant, water and/or blowing agents.
2. The secondary component is Polymeric MDI, supplied from global suppliers and offered to customers as a component of the system.

- **Rigid foam systems with 4-5 components for the insulation panels.**

1. The primary component is a physical mixture of polyether polyols, called Polymix, catalyst, surfactant, water and/or blowing agents.
2. The secondary component is a mixture of performance additives called additives. They are processed in the same process as polymix.
3. The third component is a mixture of special catalysts and processed in the same process as the polymix.
4. The fourth component is Polymeric MDI, supplied from global suppliers and offered to customers as a component of the system.
5. Other

- **Case -Adhesive, Binders - Moisture-curing one-component prepolymers**

1. They are prepolymers formed due to the reaction of Polyester Polyols and MDIs.

3.2 Research and Development Activities

Kimpur attaches importance to R&D activities with its investments in its technological infrastructure and human resources. It focuses on R&D, new product development, price performance improvement of existing products, and the development of new products and applications that will provide guidance on the unmet needs of our customers.

The company is one of the companies with advanced laboratory infrastructure in the polyurethane industry and employs 26 researchers, each of whom is specialized in their own field. 4, 5, 10 and 6 of researchers have doctor's degree, master degree, bachelor's degree and college degree, respectively.

The main principle of our company is to ensure customer satisfaction, support its customers with its products, and to increase their competitiveness in the domestic and especially abroad markets. For this purpose, it designs the most suitable products for its customers by simulating the production of its customers through its technological investments in its own laboratories.

The R&D team is basically divided into 3 main groups based on the product groups. In the group where product studies are carried out for the footwear industry, raw materials are developed for all kinds of products such as soles, slippers, boots etc. All products are developed by the Rigit division for insulation in the construction and refrigerator industries. There are Flexible and Case sections for many various industries, especially automotive and furniture.

The products are chemically divided into three main groups: polyester, polymix and prepolymer. Kimpur is one of the companies with the largest polyester production capacity in Turkey in the industry. In addition to the polyester polyols it has developed as semi-finished products in its products, it sells directly to domestic and foreign markets. Polimix products consist of a mixture of different raw materials, taking into account the needs of its customers in all kinds of industries. Regarding the isocyanate required for the formation of the polyurethane material, the mixture or reaction processes produce the prepolymers.

The R&D team performs all critical product tests, which are required to be done at the customer's facilities, in accordance with the standards. In line with the needs and demands of the customer, the company's laboratories have the necessary equipment infrastructure. All mechanical and physical properties of the materials are measured and the required criteria are presented for customer satisfaction.

Due to the importance given to the environment and human health, which is one of the most significant principles, the company always gives priority to environmentally friendly raw materials in the products. Several projects have been successfully implemented for this purpose. For example, with the aim of developing a halogen-free product, the project named "170106 - Development of Alternative Blowing Agent Systems to Replace Halogen-Containing Blowing Agents such as 141b, 365/227 and 245fa for Polyurethane Systems" has been carried out successfully and these products have been added to the product range.

The R&D Center Certificate was obtained and 7 projects of TEYDEB (Technology and Innovation Funding Programs Directorate) were completed.

Another project named "Obtaining Polymeric Polyester by Styrene Polymerization", was awarded with an investment incentive by the Ministry of Industry and Technology as an import substitute product (since it is not produced in Turkey).

Polymeric Polyester Polyols are very significant performance-enhancing raw materials with an intense area of application in footwear systems.

The investment related to the project was brought to completion in 2019, which was supported by 80% within the scope of the "strategic investment incentives" of the Ministry of Industry and Technology. This raw material, 100% of which is imported, has began to be used in our own production and sold to other system houses both at home and abroad, which has made a great contribution to our country's economy.

One of the important strategies of R&D is to develop its own products with sustainable and domestic resources. The aim is to always utilize the domestic resources at the maximum level in all the projects. In addition, the suppliers are always closely followed in order to reduce its dependence on raw materials and to create alternative sources.

Thanks to all these competencies and successful works, the R&D Center was awarded the Ministry of Industry and Technology in 2017. The company keeps presenting its projects with its own resources and the support of the Ministry of Industry and Technology, which results in increased number of products and customers every year. With its strength in this field, it increases its potential and share in domestic and foreign markets.

As of December 31, 2021, the Kimpur R&D Center has 26 employees with an average of 10 years of industry experience.

The R&D Center Certificate was obtained and 7 projects of TEYDEB (Technology and Innovation Funding Programs Directorate) were completed. One of these projects was awarded with an investment incentive by the Ministry of Industry and Technology. Thirty four R&D Center Projects have been completed since the time it was awarded with the title of R&D Center, and ten projects are still in progress.

Two patents developed in these projects are currently pending.

Under the R&D activities, studies are carried out with various universities and private companies. In addition, European Union Projects were included in the strategies, and we concentrated our attention on studies in this regard.

In 2019, based on the number of projects carried out in the R&D center and among the top 50 companies according to the number of brands, Kimpur was among the first 100 companies in Turkey. *

In 2019 and 2020, Kimpur was among the 250 companies with the highest R&D expenditures in Turkey.*

*(<https://turkishtimedergi.com/ar-ge-250/>)

R&D Strategies:

- To increase the number and quality of R&D Center personnel,
- To increase university-industry cooperation and to follow basic researches in our field,
- To carry out joint R&D projects with customers and suppliers,

- To benefit more effectively from national and international R&D support programs and to increase the number of our projects,
- To strengthen qualified personnel and infrastructure for application and simulation processes,
- To develop new and innovative products in the international market,
- To develop joint projects with companies and institutes abroad,
- To develop alternative domestic products to all imported products in the domestic market,
- To develop environmentally friendly and economical products that will increase our competitiveness with global players,
- To develop products that not only meet the needs of the market, but also shape the market, in order to be one of the global players among polyurethane system manufacturers.

3.3 Important Developments on Company Activities

- ✓ Kimteks Polyurethane was founded on September 1, 2015. The company took over all the production activities of Kimteks Kimya, which was established in 1983 (as a capital in kind) from Kimteks Kimya by partial division, in accordance with the balance sheet dated 30.09.2015. It is a company with 38 years of experience.
- ✓ Since 1983, Kimteks Kimya has been supplying raw materials to different industries such as artificial leather, rubber, adhesive and paint. In 1999, the company started production, sales and distribution with the investment of "Polyurethane System House" in five main product groups: Footwear Systems, Flexible Foam Systems, Rigid Foam Systems, Polyester Polyols and Case (Coating, Adhesives, Sealants and Elastomers). Our production started in a rental facility in Hadımköy in 1999 and currently continues at the facility in Gebze Organized Industrial Zone (after 2008).
- ✓ By the end of 2015, Kimteks Kimya, which has been growing every year in the related industries and has become one of the most important product suppliers, has decided to continue as two separate companies in two business groups as of December 31, 2015. While Kimteks Kimya continues its business activities in the distributorship and distribution business lines, Kimteks Polyurethane continues to provide services in the industry as a pioneering company with its new structure in all processes from production to sales operations within the scope of the "Polyurethane System House".
- ✓ Kimteks polyurethane continues to produce uncommon solutions for customers with its investments on technology and R&D. Using the brand name "Kimpur", has adopted the continuous development, human resources investment, the ability to adapt to change and strong communication networks with all its stakeholders as the building blocks of its quality and service approach. To fulfill these goals, it has also adopted as a principle to take care of nature, human health and ethical values. Kimpur aims to sustain its success and leading position in line with the care it has attached to the satisfaction of its suppliers, customers and employees.
- ✓ Kimteks Polyurethane increased the sales sales number of polyurethane systems, which was approximately 28,500 tons before the demerger, by an average of 20% each year and reached a sales volume of approximately 73,000 tons in 2020. At the end of 2021, the sales amount was approximately 88,000 tons.

- ✓ In 2016, a “Reorganization-Variation” project was initiated, and the Company was strengthened in terms of R&D infrastructure and human resources. The number of R&D employees was initially 20, it is currently 26 people. In 2017, the company has completed many projects supported by the Ministry of Industry and Technology, R&D Center and state-supported projects.
- ✓ With this structure, it has designed product groups preferred by customers and has also started to work with large corporate customers in 2017.
- ✓ In 2017, the company was awarded with the title of “Authorized Economic Operator (AEO) with its capabilities and regulations in the import and export transactions.
- ✓ In 2017, the “polymeric polyol” product was developed by our R&D center as a TEYDEB (Technology and Innovation Funding Programs Directorate) Project. Since this project is within the scope of strategic investment, a government subsidy was granted and a styrene facility was established. This product is produced around 1,500 tons per year, used in some systems in our own footwear product group and sold to our domestic and global competitors.
- ✓ The company increased its total capacity of 65 K tons in 2017 to 104,657 tons in 2020 with its investments completed with its own resources in 2018 and 2019.
- ✓ Based on the Company's latest EIA report issued by the Provincial Directorate of Environment and Urbanization dated 10.12.2021, the total capacity permit is 170,000 tons/year. In addition, the new capacity report dated 04.01.2022 shows that the annual capacity is 129,353 tons in total.
- ✓ In 2018, the company completed its digital transformation and commissioned the SAP system in ERP applications and automation programs in production and warehouse management.
- ✓ In 2018-2019, export-listed sales increased over 40 % for the first time. This rate was 32.50% in 2020 and 27% as of December 31, 2021. The company has exported to more than 45 countries.
- ✓ Kimteks Polyurethane has managed to be in the ISO 500 List since 2018, rose to 314th place in 2020, and ranked the 350th place in 2019.
- ✓ In 2020, another unit was established for the sale of “raw materials and auxiliary materials to competitor companies or those in similar industries.
- ✓ Our company was ranked 772 in 2018, 592 in 2019 and 639 in 2020 in the "Turkey's top 1000 exporters" research determined by TIM, and has become one of the leading exporters in Turkey.
- ✓ On the basis of net sales in the Fortune 500 Turkey awards, our company has exhibited a steady rise and ranked 496th, 455th, 429th and 374th in 2017, 2018, 2019 and 2020, respectively.
- ✓ In 2020, Kimteks Polyurethane was among top 5 as the only polyurethane system house that holds the export record in the category of "Turkey Plastics and Raw Materials". It also

ranked 35th in the category of "Miscellaneous Chemicals Export" and ranked 62nd in the category of "Organic Chemicals Exports".

- ✓ Based on the "OSBUK (Organized Industrial Zones Supreme Organization), Stars of Export" research conducted by Turkishtime, the company was ranked 28th among the top 50 companies that spend the most expenditure on R&D in Chemicals and Products industry in 2020, and ranked 40th among the 100 companies with the highest turnover.
- ✓ Accordingly, we are now Great Place to Work® Certified following the fulfillment of the criteria of being a great place to work offering a positive employee experience and high-trust culture, based on the evaluations and analyses conducted at global standards by the Great Place to Work® Institute.
- ✓ Through its affiliate, Kimplast Granül San. ve Tic. A.Ş., Kimpur has effectively conducted research and development processes for EVA Compounds, which are suitable for the production of high quality shoes, midsoles, insoles, outsoles, slippers and similar products, started to manufacture in 2020 under the 'KIMplas Uncommon Solutions' brand, and achieved an important position in the market, ensuring high level of customer satisfaction within a short period of time.
- ✓ In 2019, we aimed to establish an export sales team working locally abroad in order to increase the international sales volume. Operations have been initiated within the scope of long-term contracts with colleagues residing in the Middle East, Egypt and Uzbekistan markets. In addition, a company named Kimpur Rus and Cıs Limited Company was established in Russia in 2018 and we completed the infrastructure works for sales to Russia and nearby countries, which has increased our sales.
- ✓ Kimteks Polyurethane increased the sales sales number of polyurethane systems, which was approximately 28,500 tons before the demerger, by an average of 20% each year and reached a sales volume of approximately 73,000 tons in 2020. At the end of June 2021, the sales amount was approximately 46,000 tons.
- ✓ Based on the "6 Sigma Excellence Model" launched in 2020, all processes were reviewed with the principle of "one error per million" and the production efficiency was achieved with the projects carried out. The installed capacity was increased to 120 K tons in 2021.
- ✓ In 2021, a new production facility was required due to the fact that there was no room for expansion in terms of production and storage in current land of 13,350 m2. In this regard, Düzce Gümüşova Organized Industrial Zone, which is expanding, has been selected for a production facility that can also receive support within the scope of the incentive, and a preliminary agreement has been made for the land. Project is still in progress. In this facility, we look forward to commission 50 K tons of additional PU system capacity between 2022-2024.
- .
- We also want to commission a "PET recycling facility" with a capacity of 5 K tons.
The waste raw material to be obtained from this facility will be used in replace of the "polyether polyol" used in production, and the rate of imported products will be reduced.

- We also want to commission 10 K tons of "Eva Granule Raw Material" production capacity. This product is an alternative product of "Polyurethane Raw Material" in shoes and the product range will be completed.
The construction of the facility was considered as "out of scope" regarding the obligation to obtain an environmental impact assessment report based on the letter dated 28.01.2022 from the Düzce Governorship Provincial Directorate of Environment and Urbanization.
- ✓ A preliminary agreement was made with a small producer already producing in Latvia, with an aim to increase exports in 2021 and be strategically located in Europe. A down payment was made for the purchase of 75% of the company called Kimpur Europe (established in 2021). An application has been made to the Latvian Trade Registry and we expect it to be registered as a subsidiary of Kimpur after February 2022. The manufacturer company in Latvia will own 25% of the company named Kimpur Europe by issuing the machinery land and the building as "capital in kind". The facility has a capacity of 25 K tons. With this facility, we aim to increase the sales volume in Europe, Russia and other northern countries.
- ✓ In 2021, Kimpur International Trading Limited was established in Malta for the purpose of supplying and selling the raw materials and some different chemicals used by the Company.
- ✓ Kimteks Polyurethane serves more than 1,000 customers in total with 600 different polyurethane systems.

3.4 Key Information on the Industry

The company operates in the chemical industry. The chemical industry mainly produces raw materials and intermediate products for industry. The industry has a wide product range and steers only one third of its sales directly to consumers. The chemical industry market, which is aimed directly at consumers, mostly consists of the pharmaceutical industry.

The chemical industry has a great importance in the economy since it provides services to different production industries.

The chemical industry produces structurally high value-added products, which causes the structure of the industry to be capital-intensive and technology oriented.

The Chemistry industry report published in 2021 by the Ministry of Industry and Technology shows that scientific developments in the world's chemical industry are in the fields of nanotechnology, biochemistry, catalyst, genetics, organic chemistry and polymer chemistry. It has been stated that China is the world's largest chemical producer, contributing 40.6% of global chemical sales in 2019 (€ 1.488 billion in 2019). Europe is the second largest chemical producer in the world. The rate of sales of chemicals worldwide in 2019 was € 3.669 billion. The export figures in the report indicate that 10.94% of the total exports are in the chemical industry (US\$ 1.9 trillion). China, America, Germany, Japan and the Republic of Korea are the top five countries to export chemicals in the world. The report also shows that the chemical industry exports in Turkey increased by 4.3% in 2020 - compared to the previous year - and amounted to US\$ 19.6 billion.

3.5 Position of the Company in the Industry

Polyurethane systems constitute a part of the chemical industries within the GTIP code. In addition, there are many different subgroups.

The products exported by the company are listed in the GTIP Customs Tariff Schedule (Codes 29, 38 and 39).

The size of market table has been organized using the following sections of the report of "IAL CONSULTANTS - POLYURETHANE CHEMICALS AND PRODUCTS IN EUROPE, MIDDLE EAST & AFRICA (EMEA)" on the Turkish market. (www.ialconsultants.com)1

PU EMEA_Adhesives and Sealants_Jun21 s. 104-106

PU EMEA_Binders_Jun21 s. 86-88

PU EMEA_Coatings_Jun21 s. 138-140

PU EMEA_Elastomers_Jun21 s. 122-124

PU EMEA_Flexible Foam_Jun21 s. 138-140

PU EMEA_Rigid Foam_Jun21 s.188-190

It is considered that the polyurethane market size in Turkey is around 538 K tons. The market size for the industries in which the Company develops products (excluding the polyurethane systems and coating sectors used for the polyether foam-slabstock industry) is around 400 K tons.

The position of the Company in the market is as follows:

- Footwear Industry
 - Systems for shoe sole or slipper manufacturers,
 - Systems for safety shoe manufacturers and
 - Systems for boot manufacturers.

It is considered that the companies producing in this industry receive approximately 70 K tons of raw materials per year (IAL Consultants Report - PU EMEA_Elastomers_Jun21 s. 122). Turkey is an active production center in the production of shoes and slippers and is a significant exporter.

By 2021, Kimpur's footwear systems have reached sales capacity of approximately 33 K tons.

The domestic sales of polyurethane systems for the footwear industry are approximately 20 K tons in 2021.

The total sales of shoes in 2020 are approximately 30 K tons, and the domestic sales are approximately 18 K tons.

The data on elastomer shoes in the IAL Consultants report show that the Company has a high share of 25% in the Turkish market based on the sales volumes.

In this industry, the competition with global manufacturers is less than in other industries, as in other polyurethane systems in the Turkish market.

- It consists of rigid-foam Systems used in building, construction, refrigeration, furniture and other industries,
 - Refrigerator systems,
-

- Sandwich panel systems (Continuous -Discontinuous),
- Cold room systems,
- Pipe insulation systems,
- Solar panel systems and
- Wooden equivalent systems.

It is considered that the companies producing in these industries use 217 K tons of raw materials per year (IAL Consultants Report - PU EMEA_ Rigid Foam_Jun21 s. 188) .

Turkey is one of the major production centers for refrigerators due to the operations of global manufacturers as well as large local manufacturers such as Arcelik and Vestel.

Kimpur is the main supplier of the major companies in the Turkish market that make production for the rigid sector, based on the IAL Consultant report. In this sector, our company competes with global competitors such as Basf, Dow Chemicals, Huntsman, Covestro, Wanhua.

Turkey is also a major production center for continuous insulation panels, called sandwich panels. Kimpur is the main supplier of 70% of approximately 20 panel manufacturers in Turkey, based on the IAL Consultant report.

In addition to these two main fields of activity, more rigid foam systems are used in many sub-sectors.

Kimpur reached approximately 41 K tons in the rigid systems in 2021. The domestic sales in 2021 are approximately 34 K tons.

The total sales of rigid system in 2020 are approximately 31 K tons, and the domestic sales are approximately 23 K tons. The data on rigid systems in the IAL Consultants report show that the Company has a share of 11% in the Turkish market based on the sales volumes.

- It consists of flexible-foam systems used in automotive and furniture sector,
 - Systems for office furniture and office chairs,
 - Systems for the automotive industry*,
 - HR foam systems,
 - Viscoelastic systems,
 - Integral systems and
 - Filter systems.

* Production of passenger cars, buses, trucks, tractors

It is considered that the companies producing in this industry use approximately 138 K tons of raw materials per year. The "polyether foam" used by Slabstock mattress manufacturers is not included in the Company's product range. Excluding this one, the size of the total Turkish flexible foam systems market is approximately 50 K tons as of 2020. (PU EMEA_Flexible Foam_Jun21 s. 138)

Turkey is also a production center in automotive production, however the dominance in raw material supply is in the licensed productions or the production in domestic facilities of international manufacturers. When making projects on a model basis, particularly in the

automotive sector, "approved suppliers" are utilized, and local manufacturers such as Kimpur may take a long time to get approval.

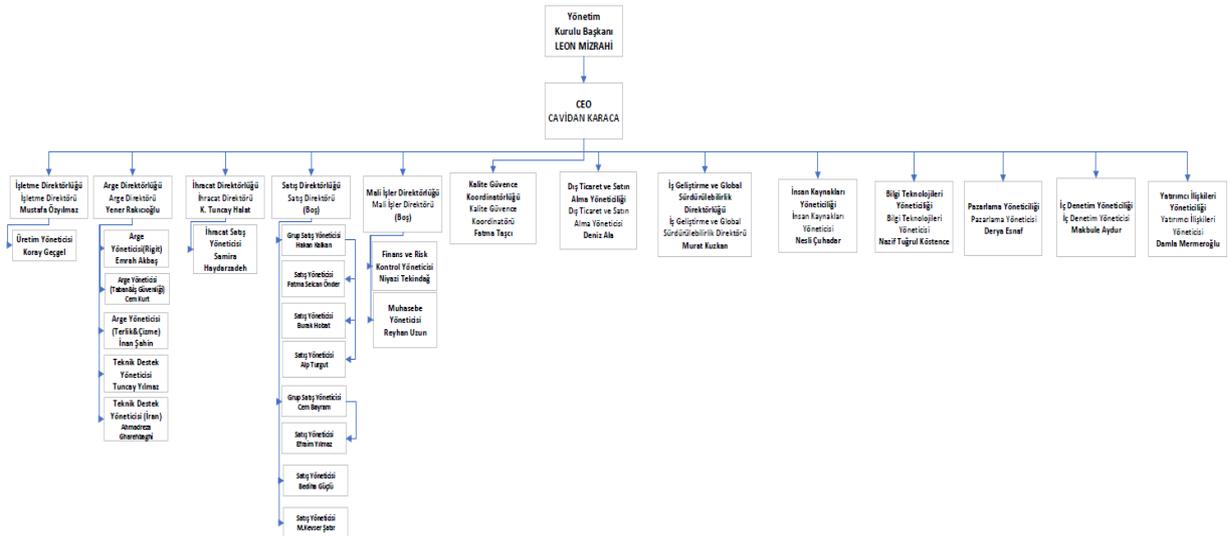
Despite this, relative approvals were obtained on the production of buses and trucks. Approval processes for passenger cars are still in progress too.

Kimpur reached approximately 5 K tons of flexible foam systems in 2021.

The domestic sales in 2021 are approximately 3 K tons. With these sales volumes, the company comes after global manufacturers with a volume of 6%.

In addition to these sectors, it is considered that Kimpur has a share of 15% with a domestic sales amount of 65 K tons in 2021, except for the slabstock pu systems used by mattress manufacturers.

3.6 Organizational Structure of the Company



4 INCENTIVES

The company has an R&D Center registered by the Ministry of Industry and Technology and benefits from incentives in this regard. The Company gains the advantage of deduction support for income tax withholding, SSI discount and tax advantage from the amount deducted from the corporate tax base within the scope of the exemptions and deductions, in case the it has a profit as per Article 10/1-a of the Law on the Protection of Personal Data in the determination of corporate

tax. The company carries out TEYDEB (Technology and Innovation Funding Programs Directorate) projects within the scope of supporting R&D projects and TEYDEB provides cash supports. The company has the "Middle and High Technology Investments" certificate and the 4th Region incentive certificate for its investments to expand its existing production facility. In this context, the company is provided with corporate tax reduction, VAT and SSI tax reduction advantages. The company has also applied for incentives on joint and high-tech investments and the 4th Region for the investment on Duzce Facility.

Tax Incentives

Since the company meets the conditions stipulated for the "5% Tax Reduction for Tax Compliant Taxpayers", it is considered as a compliant taxpayer and received a tax support between 2019-2020. We plan to benefit from tax incentives for 2021 as well.

5 QUALIFICATION, CERTIFICATION AND REGISTRATION DOCUMENTS

Qualification and Certification:

- TS EN ISO/IEC 27001: 2017 Information Security Management System
- ISO 9001: 2015 Management System
- Economic Operator Authorized by the Ministry of Customs and Trade Certificate
- Polyurethane Manufacturers Association Certificate
- Polyurea Development Association Europe Certificate
- TS EN ISO 50001: 2018 Energy Management System
- CE Certificate and Reach Certificate

Trademark Registration Documents

The Company has 18 registered trademarks. Two patents developed in these projects are currently pending.



MARKA DURUM RAPORU

| Marka Adı | Durum | Nice Sınıfı | Başvuru No | Yenileme Tarihi | Nice Sınıfı | Başvuru No | Yenilenme Tarihi |
|--------------------------|----------|--------------------------|-------------|-----------------|-------------|------------|------------------|
| sekil | Tescilli | 01 / 40 / | 2016/36567 | 22.04.2026 | 35 / | 2020/06288 | 16.01.2030 |
| kimvisco | Tescilli | 40 / | 2015/13504 | 17.02.2025 | 35 / | 2020/06280 | 16.01.2030 |
| kimteks pu systems house | Tescilli | 40 / | 2013/92332 | 13.11.2023 | 35 / | 2020/06275 | 16.01.2030 |
| kimsystems | Tescilli | 40 / | 2012/48682 | 28.05.2022 | 35 / | 2020/06268 | 16.01.2030 |
| kimrigid | Tescilli | 40 / | 2013/90408 | 6.11.2023 | 35 / | 2020/06261 | 16.01.2030 |
| kimpur | Tescilli | 01 / 40 / | 2016/36498 | 21.04.2026 | 35 / | 2020/06256 | 16.01.2030 |
| kimpol | Tescilli | 40 / | 2013/91341 | 11.11.2023 | 35 / | 2020/06255 | 16.01.2030 |
| kim lite | Tescilli | 01 / 40 / | 2017/106495 | 23.11.2027 | 35 / | 2020/06253 | 16.01.2030 |
| kimfoot | Tescilli | 40 / | 2013/90400 | 6.11.2023 | 35 / | 2020/06250 | 16.01.2030 |
| kim flex | Tescilli | 40 / | 2013/91339 | 11.11.2023 | 35 / | 2020/06249 | 16.01.2030 |
| kimcool | Tescilli | 40 / | 2016/82248 | 17.10.2026 | 35 / | 2020/06246 | 16.01.2030 |
| kim case | Tescilli | 40 / | 2013/90352 | 6.11.2023 | 35 / | 2020/06227 | 16.01.2030 |
| crosskim | Tescilli | 40 / | 2015/13468 | 17.02.2025 | 35 / | 2020/06222 | 16.01.2030 |
| kimrelease | Tescilli | 01 / 02 / | 2019/136524 | 31.12.2029 | 35 / | 2020/03794 | 10.01.2030 |
| kimplus | Tescilli | 01 / 02 / 17 / 19 / 40 / | 2019/136219 | 31.12.2029 | 35 / | 2020/03776 | 10.01.2030 |
| kimcoat | Tescilli | 01 / 02 / 17 / 35 / 37 / | 2019/136158 | 31.12.2029 | | | |
| izokim | Tescilli | 40 / | 2015/13492 | 17.02.2025 | | | |
| kimraw | Tescilli | 35 / | 2020/06258 | 16.01.2030 | | | |

6 OTHER IMPORTANT INFORMATION

6.1 Related Party Transactions

Trade receivables from related parties generally arise from sales of merchandise with an approximately 3-month maturity. The receivables are inherently unsecured and no interest is

charged. Trade payables to related parties generally arise from purchase transactions with an approximately 3-month maturity.

Information on our company's transactions with related parties is included in the company's Independent Audit Report, Footnote 4, dated December 31, 2021.

6.2 Policy on Profit Distribution

The purpose of the profit distribution policy is to determine the profit distribution principles of the Company and to enable the shareholders to foresee procedures and principles of distribution of the profit to be obtained by the Company in the future periods, in accordance with the regulations to which the Company is subject and the provisions of the Articles of Association. The Company takes the utmost care to establish a balance between the interests of the shareholders and the interests of the Company in terms of dividend distribution. The Board of Directors is has the authority and responsibility to monitor, develop and update the Company's Profit Distribution Policy.

The Company decides on profit distribution by taking into account market expectations, long-term strategies, capital requirements of the Company, and subsidiaries, investment and financing policies, profitability and cash statement, to the extent that it is allowed by the relevant regulations and financial facilities. Dividend can be distributed to the shareholders free of charge by adding cash or profit to the capital, and a certain amount of cash can also be distributed as bonus shares. The company aims to distribute at least 50% of the distributable period profit, calculated within the framework of the capital market legislation, to the shareholders.

The dividend is distributed equally to all of the Existing Shares in proportion to their shares by the distribution date, regardless of their issuance and acquisition dates. The Company does not have any shares with dividend privileges.

Unless the reserves required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the Articles of Association or the Profit Distribution Policy are allocated; no decision may be taken to allocate other reserves, to transfer profits to the next year, and to distribute dividends from the profits to the members of the board of directors, employees of the partnership and persons other than the shareholders, unless the dividend determined for the shareholders is paid in cash, no dividends can be distributed to these persons. Dividends are distributed to the shareholders on the date determined by the General Assembly, following the approval of the assembly within the specified legal periods. The General Assembly decides on the date of profit distribution. The General Assembly or, if authorized, the Board of Directors may decide to distribute the dividend in installments in accordance with the Turkish Capital Market Legislation.

The Board of Directors may distribute advance dividends, provided that it is authorized by the General Assembly and complies with the Turkish Capital Market Legislation.

The General Assembly of the Company may decide to distribute advance dividends to the shareholders within the framework of the provisions of the Capital Markets Board (CMB) and other relevant legislations. The provisions of the relevant legislation are followed in the calculation and distribution of the amount of advance dividend. It is obligatory to authorize the Board of Directors to distribute advance dividends, limited to the relevant accounting period, upon the decision of the General Assembly.

6.3 Information on financial risk management policy

A reliable data provision infrastructure has been designed for all financial targets of the Company, and monitoring indicators have been defined based on the speed provided by the information security infrastructure and the SAP system. Monitoring indicators are reported to the senior management on a weekly, monthly and annual basis. Accordingly, the budget and realizations approved by the Board of Directors are reviewed with the same frequency of meetings along with the senior management. In case of deviations, the root causes are determined and the decisions are to be taken in this context. The performances of senior management and departments and all employees are evaluated in Kimpur PYS, and the parameters are considered based on these data.

For domestic customers, the reports of risk assessment institutions, the credit-collateral status, shareholding structure and financial risk of all new customers are examined, and if they comply with the criteria, the possible working limit is determined.

Financial risk reports of the critical customers are repeated quarterly and reported to the senior management.

The company applies working models in the form of cash, money order or customer check in line with the sales term and sales method defined to the customers, and receives a "letter of guarantee" from some customers in line with their risk status.

For export customers, the financial risk status is reviewed and the limit of Eximbank research is performed (if the country is a state covered by Eximbank insurance) If a limit is identified, we work within the relative limit and maturity. In addition, we apply export models such as cash payment, letter of credit, bank-certified policy, cash against documents and similar guaranteed payments.

The CEO and sales-marketing teams evaluate the budget compliance, risk and collateral status of all customers on a weekly basis.

The company makes the sales at the foreign currency price. For export, the sales are performed in foreign currency, and, in the domestic market, export registered sales are performed in foreign currency as well. The amount obtained from other sales are converted into Turkish Lira at the foreign exchange rate on the invoice day, invoiced in TL, and remain constant in TL throughout the term of the sale. There are also sales followed on a currency basis. The half of the Company's sales in 2021 are based on foreign currency and other half based on Turkish Lira.

Since approximately 95% of the raw materials of the Company are imported or of imported origin, and due to foreign currency liabilities, the company applies a hedging policy for sales in TL to manage the risk of fluctuations in the exchange rate. It utilizes hedging instrument or uses credit in Turkish Lira as much as the sales in TL. Then, by making purchases in foreign currency, it pays off loan in Turkish Lira, which was collected on maturity.

The company monitors the compliance of the cash flow with the budget on a weekly basis. In the monthly "Financial Status Presentation" to the board of directors; monthly and cumulative annual financial statements, budget compliance, sales volumes, profitability by product-customer and country are evaluated. The risk status is reviewed to schedule the required activities.

Currency Risk

The Company's activities are exposed to exchange rate risk due to exchange rate fluctuations between TL and other currencies.

The company manages the exchange rate risk by applying a hedging policy in order not to have a deficit in foreign exchange transactions.

Interest Rate Risk

The Company is exposed to interest rate risk since the borrowing transactions are performed at fixed and variable interest rates. The company's interest rate risk is related to bank loans. The increase in interest rates may negatively affect the profitability of the company due to increased financial expenses.

The company determines its borrowing shares at fixed and variable interest rates, taking into account the interest rate changes in the market. Due to the credit limits in many banks, it can use loans at competitive interest rates.

Credit Risk

Credit risk is defined as the risk of loss for the company due to the failure of one of the financial intermediary parties to fulfill its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company constantly evaluates the reliability of financial institutions with cash or equivalent value. The Company manages the risk posed by trade receivables by working with customers with suitable credit worthiness, by limiting the amount of credit limits applied to customers, and by regularly evaluating the determined credit limits in accordance with the Company's risk policies, along with the board of directors and the risk department. Notwithstanding, the Company is exposed to the risk of financial loss due to credit risk.

6.4 Information on legislative changes that will significantly affect the company activities

During the period of January 01, 2021 and December 31, 2021, legislative amendments were made that would significantly affect the Company's activities.

6.5 Events following the reporting period

- ✓ In accordance with the Law Amending the Corporate Tax Law by the Tax Procedure Law No. 7352 published in the Official Gazette no 31734, dated January 29, 2022, the inflation adjustment in the legal books based on the Tax Procedure Law has been postponed to December 31, 2023.
- ✓ In February 14, 2022, the ownership rate of Kimplast Granul Sanayi ve Ticaret A.S. increased from 50% to 83.33%.

6.6 Descriptions on the private and public audits during the fiscal period

A private independent audit was conducted during the accounting period, whereas no public audit was conducted.

6.7 Information on lawsuits filed against the company, which may affect the company's financial status and activities, and their possible consequences

There are no lawsuits filed on behalf of our company that may affect the financial status and activities of the company, and there are no possible outcomes.

6.8 Administrative or judicial sanctions imposed on the company and the members of the management body due to practices contrary to the legal provisions

There are no administrative or judicial sanctions imposed on the company and the members of the management body due to practices contrary to the legal provisions

6.9 Information on the Extraordinary General Assembly Meeting, including the date of the meeting, the decisions made at the meeting and the related transactions (If the extraordinary general assembly meeting is held during the period)

Four extraordinary general assembly meetings were held between January 01, 2021 and December 31, 2021.

6.10 Donations and aids by the company during the period and expenditures on social responsibility projects

The company has an expenditure of 69,745.77 TL for donations, aids and social responsibility projects within the period of January 01, 2021 and December 31, 2021.

6.11 Shares acquired by the company

There are no shares acquired by the company

6.12 Information about the company's internal control system and internal audit activities, and the opinion of the management body on this subject.

Our company's audits were carried out in accordance with the determined Internal Audit Plan, the identified risks and opportunities were evaluated and reported to the management.

6.13 Determination of whether the company's capital is unrequited or whether it is in bankrupted and reviews of the board of directors.

The company's capital has not remained unrequited.

6.14 Conflicts of interest between the company and the institutions that provide services such as investment consultancy and rating, and measures taken by the company to prevent such conflicts of interest

There is no conflict of interest between the company and the institutions that provides services for it such as rating or investment consultancy.

6.15 Information on corporate social responsibility activities regarding employees' social rights, vocational training and activities that have other social and environmental consequences

As an expression of its respect for people and its employees, Kimpur has published its Social Responsibility Policy, prepared in accordance with SA8000 regulation, and has committed to implement the policy.

We always support our human resources on the way to perfection with the best human resources processes designed by considering the strategic goals and priorities of Kimpur and evaluating the current and future organizational and individual needs.

The selection and placement processes are designed in accordance with Kimpur's priority strategies with an aim to identify high-quality candidates who are suitable for the company culture and values and the requirements of the job. The tools and facilities required to have an objective evaluation are included in the process and managed efficiently and fairly.

With our belief that the development of our employees can be achieved through continuous trainings, we primarily aimed to create a working environment where everyone can learn, experience and develop efficiently. We have developed project groups, mentorship processes and matrix management approach. Employee-specific training plans are implemented and followed on an annual basis, taking into account Kimpur's organizational goals and priorities, in order for the employees to improve themselves and their job and create value.

The current Performance Management System of Kimpur, designed to manage the employee performance so that Kimpur can achieve its strategy and goals, is an effective management tool that enables the employee to be guided towards common goals and objectives, integrating the company goals with employees' goals, project objectives and competencies.

SOCIAL GENDER EQUALITY

We aim to achieve gender equality both in society and in professional life and offer equal rights to women and men in all employment processes from recruitment to retirement. We proceed with the approach of spreading gender equality among all employees and raising awareness, supporting women throughout their careers, increasing the employment rate of women, and increasing the role of women in decision-making mechanisms and ensuring gender equality in leadership. The related data for 2021 are as follows.



EQUAL OPPORTUNITY AND DIVERSITY

Kimpur adopts the principle of equality of opportunity and diversity, and considers that people are different from each other in many ways. Based on the fact that in-house diversity is a wealth and plenitude, we strive to create a fair environment within the company, to find equal opportunities

and egalitarian practices. We offer equal opportunities in recruitment processes, interviews, performance measurement and evaluation, career planning, promotion system, training and development programs and applied wage policy. Through this equal opportunity policy, we take care to provide a working environment based on the principle of Equal Opportunity and Diversity, without making any discrimination based on gender, age, religion, sect, race, marital status, philosophical belief and similar visible or invisible reasons. The related data for 2021 are as follows.



| Kadro Yapısı (Bütün Personel) | Birim | 2020 | 2021 |
|-------------------------------|-------|------|------|
| 30 Yaş Altı | Oran | 17% | %14 |
| 30-50 Yaş arası | Oran | 75% | %78 |
| 50 Yaş Üstü | Oran | 7% | %7 |
| Beyaz Yaka | Oran | 56% | %57 |
| Mavi Yaka | Oran | 44% | %43 |

EMPLOYEE TRAINING AND DEVELOPMENT

The training of our employees is one of the most significant elements of our improvement. Our Human Resources team designs programs for our employees that include annual personal development, job/position-specific expertise, and vocational training in order to improve business practices, balance the training development activities in all of company activities, to meet local requirements and needs, and to support employees in their career goals and conducting their jobs safely and effectively.



7 CORPORATE MANAGEMENT

7.1 Declaration of Conformity with Corporate Management Principles

Pursuant to Article 5 of the Corporate Management Communiqué No. II-17.1 (“Communiqué”) of the Capital Markets Board (“CMB”), published in the Official Gazette No 28871, dated January 3, 2014 and titled “Implementation of Corporate Management Principles”, the Company has paid utmost attention to ensure the required compliance by date of the first general assembly. The company is aware of its responsibilities towards its stakeholders and has adopted the concepts of "equality", "transparency", "accountability" and "responsibility", which form the basis of corporate management.

In the accounting period of January 01, 2021 and December 31, 2021, The Company has shown the utmost effort and care in complying with the mandatory and voluntary principles contained in the Corporate Management Communiqué No II-17.1 (“Communiqué”) of Capital Markets Board. In addition, the Company continues its efforts to ensure full compliance by completing of administrative, legal and technical infrastructure works and follows the developments including the newly issued CMB legislation.

There is no conflict of interest between our company and stakeholders.

In accordance with the Decision No 2/49 of the Capital Markets Board dated 10.01.2019, you may find the "Corporate Management Compliance Report (CMCR)", which shows the compliance of our company with the Corporate Management Principles, and the "Corporate Management Information Form (CMIF)", which gives information about our current corporate management practices on the website of the Company [“Investor Relations/Corporate Management/Corporate Management Compliance Report” (<https://kimpur.com/tr/>) and "Public Disclosure Platform" (www.kap.org.tr)].

7.2 Board of Directors' Declaration of Independence

BAĞIMSIZLIK BEYANI

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET ANONİM ŞİRKETİ (Şirket) Yönetim Kurulunda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu tarafından yayımlanan II-17.1 sayılı Kurumsal Yönetim Tebliği Eki madde 4.3.6'da belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile Şirketin yönetim kontrolünü elinde bulunduran veya Şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hısımlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5'inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticari ilişki kurulmadığını,

b) Son beş yıl içerisinde, başta Şirket'in denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde Şirket'in önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,

c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceği görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

ç) Mevzuata uygun olarak, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmadığımı,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, Şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,

f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde Şirket işlerine zaman ayırabileceğimi,

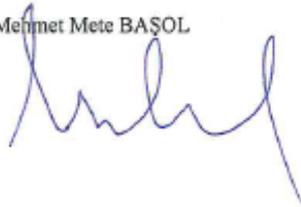
g) Şirket'in yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirket'in veya Şirket'in yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almadığımı,

h) Yönetim kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.

Mehmet Mete BAŞOL



BAĞIMSIZLIK BEYANI

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET ANONİM ŞİRKETİ (Şirket) Yönetim Kurulunda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu tarafından yayımlanan II-17.1 sayılı Kurumsal Yönetim Tebliği Eki madde 4.3.6'da belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile Şirketin yönetim kontrolünü elinde bulunduran veya Şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hısımlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5'inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticarî ilişki kurulmadığını,

b) Son beş yıl içerisinde, başta Şirket'in denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde Şirket'in önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışan veya yönetim kurulu üyesi olmadığımı,

c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceği görevleri gereği gibi yerine getirecek meslekî eğitim, bilgi ve tecrübeye sahip olduğumu,

ç) Mevzuata uygun olarak, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmadığımı,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, Şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığını koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, meslekî itibara ve tecrübeye sahip olduğumu,

f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde Şirket işlerine zaman ayırabileceğimi,

g) Şirket'in yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirket'in veya Şirket'in yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almadığımı,

h) Yönetim kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim,

Ad/Soyad

Omer Bakır

imza



8 INFORMATION ON COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

The “Compliance with Sustainability Principles Framework” contains the basic principles that public companies are expected to disclose while carrying out their Environmental, Social and Corporate Management (ESM) processes. Although the implementation of these principles is on a voluntary basis, it is obligatory to report whether they are applied or not, with the principle of "Comply or Explain".

Some of the principles included in the Social Principles and Corporate Management Principles in the Sustainability Principles Compliance Framework are also found in the current Corporate Management Principles of the Capital Markets Board. Our company's compliance with these principles is currently disclosed in the Corporate Management Compliance Report (CMCR) and Corporate Management Information Form (CMIF) published on the KAP Platform.

You may find the Sustainability Principles Compliance Report 2021, designed in accordance with the principles set in our Company's Sustainability Principles Compliance Framework, on the Public Disclosure Platform and on our Company's website under the heading of Sustainability.

You may find below the Sustainability Principles Compliance Framework has been prepared in accordance with the announcement made by the Capital Markets Board (“CMB”) under the amendment in the Corporate Management Communiqué no II-17.1 published in the Official Gazette No 31262, dated October 2, 2020:

| SECTION | TITLE | PRINCIPLE | COMPLIANCE | COMMENTS |
|--------------------|-------------------------------------|--|--------------------|--|
| GENERAL PRINCIPLES | A1. Strategy, Policy and Objectives | The Board of Directors determines ESG-related issues, risks and opportunities and organizes suitable ESG policies. In terms of the effective implementation of the said policies, intra-partner directives, business procedures, etc. can be regulated. The Board of Directors takes the decision for these policies and discloses them to the public. | Full Compliance | Designs a prioritization matrix. Defines targets for priority issues in this regard. Details are included in our sustainability reports, policies, and Kimpur Ethics booklet. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ https://kimpur.com/tr/politikalarimiz/ https://kimpur.com/tr/etik-kural |
| | | Determines the Partnership Strategy in line with ESG policies, risks and opportunities. Sets and publicizes short and long-term objectives in line with the partnership strategy and ESG policies. | Partial Compliance | The first sustainability report was prepared in 2020. The targets are determined on annual basis in the reports. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| | A2. Implementation/Monitoring | Determines and publicizes the committees/units responsible for the implementation of ESG policies. The authorized committee/unit reports the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods determined for the disclosure of annual activity reports to the public in line with the relevant regulations of the Board. | Partial Compliance | A Sustainability Committee was established in 2020 in order to carry out the required studies in the Sustainability Principles Compliance Framework in line with the company activities. There is no statement on the Committee formed by our company. The report on the compliance with the principles specified in the 2021 Sustainability Principles Compliance Framework was submitted to the Board of Directors. |
| | | Designs the implementation and action plans in line with the short and long term goals and discloses them to the public. | Partial Compliance | The targets are determined on annual basis in the reports. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| | | Determines the ESG Key Performance Indicators (KPI) and provides them comparatively on a yearly basis. Provides KPIs along with comparisons on local and international industries, if verifiable data is available. | Partial Compliance | Determines the ESG Key Performance Indicators (KPI) and provides them comparatively on a yearly basis in the sustainability report. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| | | Discloses innovation activities that improve sustainability performance for business processes or products and services. | Full Compliance | Innovation activities have been determined to improve sustainability performance. |
| | A3. Reporting | Reports and publicly discloses its sustainability performance, goals and actions at least once a year. Discloses information on sustainability activities under the annual report. | Full Compliance | The comments regarding the compliance with the principles stated in the Sustainability Principles Compliance Framework will be included in the annual report, and in case of a significant change in the said comments within the period, the relevant change will be included in the interim activity reports. |
| | | It is essential to share information that is significant for the stakeholders to understand the position, performance and development of the partnership in a direct and concise manner. It can also disclose detailed information and data on the corporate website, and can prepare other reports that directly meet the needs of different stakeholders. | Full Compliance | The company's corporate website, financial reports, annual reports, KAP notifications are utilized in the communication with stakeholders, within the framework of the principles explained in the Company's Information Policy. |
| | | Takes the utmost care in terms of transparency and reliability. Discloses all kinds of developments on material issues in comments and reports in an objective way. | Full Compliance | All reports and disclosures are designed and presented on the basis of transparency and reliability. |
| | | Gives information about which of its activities are related to the United Nations (UN) 2030 Sustainable Development Goals. | Partial Compliance | You may find detailed information in the Sustainability reports. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| | | Makes statements on the lawsuits filed and/or concluded against the company on environmental, social and corporate governance issues. | Full Compliance | There is a lawsuit filed against the company on environmental, social and corporate governance issues. You may find detailed information in the Prospectus. |
| | A4. Verification | Publicly discloses sustainability performance measures if verified by independent third parties (independent sustainability assurance providers) and strives to increase such verifications. | Partial Compliance | Our current certificates: ISO 9001, ISO 27001, ISO 50001, CE, REACH In progress: ISO 14001, SA8000, ISO 45001 |
| | | Describes the policies and practices, action plans, environmental management systems (called ISO 14001 standard) and programs in the environmental management. | Partial Compliance | The company's EMS policy has been published, a committee has been appointed, a work plan has been issued, which is to be documented in 2022. |
| | | Complies with environmental laws and other relevant regulations. | Full Compliance | Our company systematically complies with national regulations. The compliance with the law is monitored and reported with the support of authorized environmental consultants. |

B. Environmental Principles

| | | |
|--|--------------------|---|
| Describes the limitations of the environmental report, to be included in the report to be prepared under the Sustainability Principles, about the reporting period, the reporting date, the data collection process and the reporting conditions. | Partial Compliance | Projects are carried out on environmental issues. The environmental performance will be improved upon the establishment of the Environmental Management System. |
| Describes the highest level responsible in the partnership regarding the environment and climate change, the relevant committees and their duties. | Full Compliance | A sustainability committee was established in 2020 in order to carry out the necessary studies in accordance with the sustainability principles in the company activities. In 2021, the position of Global Sustainability and Business Development Director was defined in the organization. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| Describes the incentives offered for the management of environmental issues, including the fulfillment of objectives. | Partial Compliance | We have commitments in the sustainability report in this regard. Upon the establishment of the Environmental Management System, the effectiveness of monitoring environmental targets will be improved. |
| Describes how environmental issues are integrated into business goals and strategies. | Partial Compliance | 14001 EMS procedures have been initiated. They will be defined systematically on Measurement-Monitoring-Reporting issues. |
| Describes the sustainability performances of business processes or products and services and their activities to improve the performance. | Full Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ — Prioritization matrix |
| Describes how it manages environmental issues and integrates suppliers and customers into its strategies, not just in terms of direct operations but throughout the partnership value chain. | Partial Compliance | In terms of company activities, there are no issues that are inclusive of customers and suppliers and that have an obligation to implement. If required, required integration projects will be carried out. Under the Environmental Management System, the customer and supplier relationship will be defined. |
| Describes its cooperation with the environmental associations and non-governmental organizations and, if any, the tasks undertaken and the activities supported, and discloses whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international). | Partial Compliance | We continue to work in line with our policy on environmental issues. We are a member of the Business World Plastics Initiative and have donations to the the Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats. |
| Gives regular information on its environmental impacts in a comparable way, in terms of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy, indirect), Scope-3 (Other, indirect)), air quality, energy management, water and wastewater management, waste management and biodiversity impacts. | Full Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ Data on Carbon footprint-Water footprint-Energy has been added. |
| Gives the details of the standard, protocol and methodology used to collect and calculate the data. | Full Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| Describes the status of environmental indicators (increase or decrease) for the reporting year in comparison with previous years. | Partial Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| Sets short- and long-term goals to reduce its environmental impacts and describes the related objectives. It is recommended that these targets be set based on Science, as proposed by the United Nations Conference on Climate Change. Provides information if there is progress in the report year compared to the previous targets. | Partial Compliance | The first sustainability report was prepared in 2020. The targets are determined on annual basis in the reports. https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| Describes the strategy and actions for combating the climate crisis. | Partial Compliance | Report — Prioritization Matrix and Product management https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |
| Describes programs or procedures to prevent or minimize the potential adverse impact of the products and/or services. Describes the actions of third parties to reduce greenhouse gas emissions. | Partial Compliance | All departments continue their activities on the sustainability of products and services. We constantly work to make some of our products under our R&D projects more environmentally efficient, taking into account market and customer demands. |
| Describes the actions to reduce its environmental impacts, the total number of projects and initiatives, and the environmental benefits and cost savings. | Partial Compliance | Report — Environmental Approach and Prioritization Matrix |
| Reports the total energy consumption data (excluding raw materials) and describes the energy consumptions in the form of Scope-1 and Scope-2. | Full Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ — Energy Management |
| Provides information on electricity, heat, steam and cooling produced and consumed in the reporting year. | Full Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ |

| | | | |
|--|---|--------------------|--|
| | Makes efforts for increased usage of renewable energy and transition to zero or low carbon electricity and describes these efforts. | Partial Compliance | https://kimpur.com/tr/surdurebilirlik/surdurebilirlik-raporlari/ — Prioritization matrix |
|--|---|--------------------|--|

**9 STATEMENT OF FINANCIAL POSITION-BALANCE SHEET AS OF DECEMBER 31,
2021**

| Audited - Consolidated and Solo | | | |
|--|--------------------|----------------------|----------------------|
| | Solo | Solo | Consolidated |
| Statement of Financial Position (TL) | 31.12.2019 | 31.12.2020 | 31.12.2021 |
| Current Assets | 485,784,984 | 965,595,205 | 2,071,253,090 |
| Cash and Cash Equivalents | 53,233,548 | 281,177,515 | 522,234,256 |
| Financial Investments | - | 46,210,666 | 31,337,870 |
| Accounts Receivable | 308,951,989 | 477,290,556 | 1,065,391,205 |
| Other Receivables | 4,424,014 | 8,773,572 | 6,817,745 |
| Derivative Financial Instruments | - | - | 3,749,135 |
| Stocks | 97,932,692 | 119,127,696 | 360,185,736 |
| Prepaid Expenses | 2,231,129 | 9,720,108 | 37,015,421 |
| Assets Related to Current Period Tax | - | - | - |
| Other Current Assets | 19,011,612 | 23,295,092 | 44,521,722 |
| Fixed Assets | 87,952,747 | 99,868,424 | 137,100,682 |
| Financial Investments | 228,300 | 228,300 | 228,300 |
| Accounts Receivable | 2,223,850 | 10,503,191 | - |
| Investments Valued by Equity Method | 965,562 | 24,538 | - |
| Tangible Fixed Assets | 71,223,694 | 68,795,278 | 108,016,454 |
| Intangible Assets | 9,281,119 | 16,655,263 | 26,010,293 |
| Usage Rights Assets | 4,018,201 | 3,661,854 | 2,780,727 |
| Prepaid Expenses | 12,021 | - | 64,908 |
| TOTAL ASSETS | 573,737,731 | 1,065,463,629 | 2,208,353,772 |
| Short-Term Liabilities | 355,587,277 | 777,982,690 | 1,630,105,417 |
| Short-Term Loans | 181,877,616 | 521,806,605 | 1,033,274,121 |
| Liabilities Arising from Rental Transactions | 1,871,360 | 1,745,431 | 864,811 |

| | | | |
|--|--------------------|----------------------|----------------------|
| Trade Payables | 148,494,645 | 205,972,754 | 439,755,402 |
| Payables under Employee Benefits | 608,307 | 671,355 | 2,091,462 |
| Other Payables | 598,801 | 5,108 | 165,252 |
| Derivative Financial Instruments | - | 10,051,370 | 5,725,030 |
| Deferred Incomes | 13,307,486 | 24,583,712 | 49,522,634 |
| Period Profit Tax Liability | 660,956 | 6,337,245 | 64,011,163 |
| Short Term Provisions | 7,772,712 | 6,510,298 | 31,225,682 |
| Other Short-Term Liabilities | 395,394 | 298,812 | 3,469,860 |
| Long-Term Liabilities | 10,209,869 | 12,021,960 | 11,595,838 |
| Liabilities Arising from Rental Transactions | 2,439,288 | 2,379,489 | 2,490,818 |
| Trade Payables | - | - | 1,380,608 |
| Long-Term Provisions for Employee Benefits | 1,935,427 | 2,811,109 | 3,605,524 |
| Deferred Tax Liability | 5,835,154 | 6,831,362 | 4,118,888 |
| TOTAL EQUITY | 207,940,585 | 275,458,979 | 566,652,517 |
| Controllable Equity Capital | 207,940,585 | 275,458,979 | 564,109,134 |
| Paid-in Capital | 110,000,000 | 110,000,000 | 110,000,000 |
| Reserves on retained earnings | 9,166,139 | 12,485,043 | 16,376,384 |
| Premiums for Shares | - | - | - |
| Other Accumulated Comprehensive Income (Expenses) Not to be Reclassified in Profit or Loss | 33,014,680 | 32,979,512 | 55,206,621 |
| Accumulated Profit Or Loss | 19,537,150 | 39,598,481 | 66,103,083 |
| Profit or Loss For Financial Year | 36,222,616 | 80,395,943 | 316,423,046 |
| Non-Controlling Interest | - | - | 2,543,383 |
| TOTAL ASSETS | 573,737,731 | 1,065,463,629 | 2,208,353,772 |

**10 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS
OF DECEMBER 31, 2021**

| Audited - Consolidated and Solo | | | |
|--|--|--|--|
| | Solo | Solo | Consolidated |
| Profit or Loss Statement (TL) | 01 January-31 December 2019 | 01 January-31 December 2020 | 01 January-31 December 2021 |
| Revenue | 714,998,947 | 938,761,333 | 2,172,688,464 |
| Cost of Sales | - 600,126,965 | - 746,872,265 | - 1,793,241,157 |
| GROSS INCOME | 114,871,982 | 191,889,068 | 379,447,307 |
| General Administrative Expenses | - 16,800,580 | - 16,019,264 | - 37,520,092 |
| Marketing Costs | - 22,067,230 | - 29,358,807 | - 53,136,879 |
| Other Real Operating Income | 63,287,380 | 137,724,464 | 767,803,599 |
| Other Real Operating Costs | - 54,974,117 | - 127,880,843 | - 519,450,065 |
| REAL OPERATING PROFIT | 84,317,435 | 156,354,618 | 537,143,870 |
| Income from Investment Activities | - | - | 3,153,555.00 |
| Expenses from Investment Activities | - | - | - |
| Shares of Profits/Losses of Investments Valued by Equity Method | - 1,813,332 | - 941,024 | 1,115,290 |
| OPERATING PROFIT BEFORE FINANCING INCOME (EXPENSE) | 82,504,103 | 155,413,594 | 541,412,715 |
| FINANCING INCOMES | - | - | - |
| FINANCING EXPENSES | - 38,433,136 | - 55,716,868 | - 134,827,699 |
| PRE-TAX PROFIT | 44,070,967 | 99,696,726 | 406,585,016 |
| Tax Expense | - 7,848,351 | - 19,300,783 | - 90,161,970 |
| PROFIT FOR THE PERIOD | 36,222,616 | 80,395,943 | 316,423,046 |

| | | | |
|--|-------------------|-------------------|--------------------|
| Not to be Reclassified as Profit or Loss | - 44,703 | - 35,168 | 22,227,109 |
| TOTAL COMPREHENSIVE INCOME | 36,177,913 | 80,360,775 | 338,650,155 |

This report has been issued in accordance with the provisions of the "Regulation on Determining the Sections and Minimum Content of the Annual Report" published in the Official Gazette No 28395, dated 28.08.2012, by the Ministry of Commerce. It has been signed and approved by the members of the Board of Directors of the company whose names are given below.

Best Regards,

February 22, 2022

Chairman of the Board

Yuda Leon Mizrahi

Vice President of the Board

Cavidan Karaca

Board Member

Isak Izi Mizrahi

Independent Board Member

Omer Bakir

Independent Board Member

Mehmet Mete Basol